

FAQs about Section 527 Organizations

What is a Section 527 organization?

An organization that is created to receive and disburse funds to influence or attempt to influence the nomination, election, appointment or defeat of candidates. The Section 527 designation is assigned for the purposes of achieving a tax-exempt status with the IRS.

Where do Section 527 organizations file?

Section 527 organizations must file with the IRS. In some instances, these organizations are also required to file in Colorado as a Political Committee or Issue Committee.

When is a 527 required to file in Colorado?

If the organization is operating in Colorado and meets the Colorado Constitution's definition of a Political Committee or Issue Committee, they are required to register with the Colorado Department of State.

What is the definition of a Political Committee?

According to Article 28 of the Constitution of the State of Colorado, a Political committee is defined as:

“Political committee means any person, other than a natural person, or any group of two or more persons, including natural persons that have accepted or made contributions or expenditures in excess of \$200 to support or oppose the nomination or election of one or more candidates.”

This means if an organization is operating in Colorado to support or oppose a **political candidate(s)**, and that organization has received more than \$200 in contributions or has expended more than \$200 to support the candidate(s), the organization must file as a Political Committee in Colorado.

What is the definition of an Issue Committee?

According to Article 28 of the Constitution of the State of Colorado, an Issue Committee is defined as:

“Issue committee means any person, other than a natural person, or any group of two or more persons, including natural persons:

- (I) That has a major purpose of supporting or opposing any ballot issue or ballot question; or
- (II) That has accepted or made contributions or expenditures in excess of two hundred dollars to support or oppose any ballot issue or ballot question.”

This means if an organization is operating in Colorado to support or oppose a **ballot issue or question** and that organization has received more than \$200 in contributions or has expended more than \$200 to support or oppose the ballot question or measure, the organization must file as an Issue Committee in Colorado.

Are all Section 527 organizations required to file as a Political Committee or Issue Committee in Colorado?

No. If a Section 527 organization does not operate in Colorado or does not meet either the definition of a Colorado Political Committee or Issue Committee, the 527 organization is not required to file with the Colorado Department of State.

Are all Colorado Political Committees and Issue Committees also Section 527 organizations?

No. Organizations that operate in Colorado often do not choose to or do not meet the requirements to file with the IRS as a Section 527 organization.

Are there limits on what a Section 527 organization can receive or spend? If so, does the Colorado Department of State monitor this?

Federal law and regulations govern Section 527 organizations. Colorado has no authority to enforce federal law. The Colorado Department of State does monitor campaign and political filings for organizations that register as Colorado committees.

If a Section 527 organization files in Colorado as a Political committee or an Issue committee, are there limitations on the committee's activities?

Yes. Article 28 of the Constitution of the State of Colorado establishes rules and limitations on the activities of registered committees.

If a Section 527 organization makes only independent expenditures or pays for electioneering communications and does not coordinate with or expressly support a candidate, are they required to file with the Department of State?

Yes. In this instance, the organization may not be required to register as a Colorado Political Committee, but they would need to file Independent Expenditure reports and/or Electioneering reports with the Secretary of State's Office.

What is an Independent Expenditure?

An Independent Expenditure is made to support or oppose a candidate(s) without coordination with the candidate or candidate's party.

What is "electioneering communication"?

This term refers to print, radio, TV and any other communications that unambiguously refer to any candidate and are distributed within 30 days of the primary election and 60 days of the general election.

If I believe that a Section 527 organization should register in Colorado as a Political Committee or Issue Committee and they have not done so, what can I do?

If you believe a violation of Article 28 of the Constitution of the State of Colorado has been committed, you may file a complaint with the Secretary of State's office. The complaint will be sent to an Administrative Law Judge for review.

Where can I get more information on Section 527 organizations?

More information may be found at www.irs.gov under the *Charities and Non-Profits* section.